



FERC Podcast Transcript
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Commissioner LaFleur on her 2018 priorities

Mary O'Driscoll: Welcome to Open Access. I Mary O'Driscoll, and our guest today is Commissioner Cheryl LaFleur, who is here to discuss her FERC priorities for 2018. Welcome back to Open Access, Commissioner.

Commissioner LaFleur: Thank you Mary.

Mary O'Driscoll: So it was just a year ago that you faced an unprecedented challenge of running a non-quorum Commission, and you even ran the Commission solo for six, eight weeks, something like that. So how are things settling out now that you have a full, five member Commission?

Commissioner LaFleur: I think it's going really well. It's just been a time of so much change. Every time the Commission changes, even one new Commissioner, it really changes the shape of the whole and right now where we have four new Commissioners and all their new staff on the floor, it's like a whole new Commission, so it's an exciting time. But I think we've gotten a lot done together and we have a lot more ahead in 2018. When I was here without a quorum, although I had Commissioner Honorable here part of the time, one of the things our wonderful staff did was in addition to draft a lot of orders for later consideration, many of which have now been acted on, they also outlined options on a lot of the policy issues before the Commission: rule makings ranging from interconnections to PURPA to ROE to oil pipeline issues. And now a lot of those issues are ready for our consideration.

Mary O'Driscoll: You're a longtime Commissioner, you've been with FERC for nearly eight years now. You're used to the rhythms of the place and the issues before it. There's a lot going on here these days. But what, in your view, is the most important issue facing the Commission right now?

Commissioner LaFleur: Well, I think a lot of our biggest issues right now are being shaped by the transformation in the nation's resource mix. The growth of domestic natural gas and its use for generation, all the new technologies, renewable storage and demand-side and the increased understanding of the environmental consequences of energy, that's driving policy, particularly at the state level. And that transformation is shaping our market work it's shaping our infrastructure work on pipelines and transmission, and it's shaping our work on reliability standards.

I think in 2018 a lot of our focus is going to be on the changes that are happening in the nation's energy markets, as a result of changes in the resource mix and the resource mix were trending toward: cleaner, more dynamic, more distributed. One of the big

issues that we talked about before, I think, in an earlier podcast is that states in regions that rely on capacity markets for resource adequacy are, in many cases, selecting resources that are not being chosen by the markets: Either states that want to procure new resources for certain policy reasons or states that want to subsidize resources that are not prevailing in the market, existing resources. We had a technical conference on this last May and at that time we encouraged the regions and stakeholders to go out and develop regional solutions and come back and file them at FERC. Well they did. . We are now sitting on a market proposal from ISO New England, CASPR, and PJM and its stakeholders have indicated they'll be making a filing shortly, and the New York ISO is working on a carbon pricing proposal. So we really are going to have a lot before us. You know, I think the whole issue of how we can sustain the benefits of markets while allowing states to achieve policies is going to be a big one for markets going forward, and is just one of the many issues and ways in which market rules and pricing are changing because of the new resources.

Mary O'Driscoll: OK. Well I know you have your own priorities for what the Commission should be doing, matters that you'll be focusing on. Can you tell me what some of those are?

Commissioner LaFleur: Absolutely, I always think when I get questions like this, I had a boss who used to say, when you'd say, 'Well, I was talking to an important customer,' he would say, 'An important customer? All of our customers are important.' And I know all of our dockets are important to the people who file them, but a few of the things that I'm really going to be focused on in 2018, besides what I've already mentioned, the first is our continuing work to ensure the security of the bulk power system. We have ongoing work on, in response to directives on the geomagnetic disturbance standard, cybersecurity, and so forth. There is also important work, research going on by EPRI right now, that might help us determine how best to protect the grid from electromagnetic pulse disturbances, a man-made electromagnetic pulse, and I'm very interested in that.

Another big thing that's going to be happening this year is the evolution of the market in the Western part of the United States. This is something that's not driven by FERC, it's happening in the West, driven by the West, largely as a result of resource changes out there, and the desire of people to share resources over bigger geography. The California ISO Energy Imbalance Market has grown by leaps and bounds and will soon encompass more than half of the load in the Western interconnection. The Mountain West transmission group is preparing a filing at FERC to join the Southwest Power Pool. I was out and spent some time with them last week. They have very important things and interesting discussions going on. PJM and Peak Reliability are offering market services to entities in the West, and there were big changes in the reliability coordinator function and what's going to happen with that. So I think we'll be spending a lot of time thinking about those things as those things come before us.

Finally: Very interested in our work to consider how we review pipeline certificate applications – both how we considered need and how we do our environmental review.

Mary O'Driscoll: Oh yeah, I wanted to ask you that. It's been almost 20 years since FERC issued that policy statement. And pipeline development is really front and center here at FERC these days. You dissented on one pipeline case last fall and issued a statement outlining your concerns in a more recent one. What would you like to see the Commission do in its review of the pipeline permitting process?

Commissioner LaFleur: Well the two issues I am most interested in are need and environmental review. Starting with need, when we determine the need for proposed pipeline, we are still relying on the 1999 certificate policy statement. Now, the policy statement outlined a number of factors we could look at, but in practice over many years in the time I've been here, the Commission has evolved, relying almost exclusively on precedent agreements to demonstrate market need, making sure that the pipeline can be supported by new customers and won't be hurting existing customers of other places on the pipeline system. I think that we should consider asking for more evidence in the record about what's really driving the need for the pipeline. What will be its end uses? If it's an LDC or a power plant, has there been state review that we can rely on in terms of the need for those, the utilization of the gas? Are there other competing pipelines in the region that could meet that need, that we should consider at the same time? I think there's a lot more we could think about to do a, potentially, a fuller look at the need for the pipeline.

A second and related issue is how we do our environmental review, particularly the potential impacts of a proposed pipeline on greenhouse gases. If we were to develop a fuller record of need, including understanding the end uses a bit more, that could much better enable us to assess the downstream, the net downstream climate impacts that we've been trying to do in our orders. I think both of these issues are a part of how we balance the costs and benefits of a pipeline to make a public interest determination. But I think it's very important that any, if we're making any changes in something that is such a critical part of our work, in such an important part of the nation's energy scene, we get views from a wide range of affected parties – both the people who need the pipelines and people proposing to build them, people who want us to go faster and the people who think we approved too many. We need to hear from all these different viewpoints. I strongly support Chairman McIntyre's announcement that we will be undertaking a generic process to look at this, to look at pipeline reviews.

Mary O'Driscoll: OK, I wanted to switch it up a little bit here. FERC was just named No. 1 in Best Places To Work for mid-sized federal agencies. And you were Chairman last year when the survey was being conducted. What do you think contributes to FERC's success in this area?

Commissioner LaFleur: Well, obviously we have wonderful employees that make it a great place to come to work. I mean, we know that, living it. But I think some of the elements that drive our success, I think that we are a good-sized agency, you know, big enough to have a lot of people, but small enough that you can know a lot of the people and we have a real clarity of mission. I think that's very important, because I think what

makes an organization thrive is the line of sight between each employee and the whole, and what you're doing together. We have a strong culture of independence and I think that's very important to our success. I think we have a dedication to excellence in learning from what we do and doing better. And I hope we do a good job. We certainly try to support work-life balance and have a family friendly culture that something I hear from a lot of employees. I also want to recognize that the survey has happened year after year and the leadership and committees of employees in the different offices have done a lot of work to learn from the comments in past surveys and tried to pull up the areas we didn't do as well on. And a number of our specific offices did very well, particularly the Office of General Counsel, which was the top agency subcomponent. It's those words, what a word – subcomponent – across all the federal government. That's, that's really something.

Mary O'Driscoll: All right. OK. And finally, we can't have you on after the Super Bowl without some discussion of the game. My condolences. So, how and when will you and Commissioner Rob Powelson settle your Super Bowl bet?

Commissioner LaFleur: Well, the heart of our bet, the initial bet, was that the loser, which is me, has to wear the winner's team jersey at the upcoming February open meeting and the upcoming NARUC meeting here in D.C. That means, yes, I will be sporting Eagle Green. We also made a side bet, or an additional bet, of regional food specialties. So Rob will be getting Maine lobsters and Sam Adams beer, but the time and the place are still TBD.

Mary O'Driscoll: Wow. That's a bet I can get behind.

Commissioner LaFleur: Well I would've liked those Kobe beef cheesesteaks too, but not this year.

Mary O'Driscoll: All right. Well, thank you so much for sitting down with us. Commissioner, thank you so much.

Commissioner LaFleur: Thank you.

Craig Cano: FERC is an independent regulatory agency that oversees the interstate transmission of electricity, natural gas and oil, reviews proposals to build interstate natural gas pipelines and liquefied natural gas terminals, and oversees the licensing of nonfederal hydropower projects. FERC protects the reliability of the high-voltage interstate transmission system through mandatory reliability standards, and it monitors interstate energy markets to ensure that everyone in those markets is playing by the rules. Unless otherwise noted, views expressed in these podcasts are personal views and do not necessarily express the views of individual Commissioners, or the Commission as a whole. The podcast is a production of the Federal Energy Regulatory Commission, Office of External Affairs, Leonard Tao, director. We'll be updating our posts when we've got news, so be sure to check out our website www.ferc.gov and follow us on Facebook, Twitter and LinkedIn to find out when our next podcast airs.